AR26

Dec 18/16

1946

ANNUAL REPORT

OF

Sun Publishing Company Limited

500 BEATTY STREET - VANCOUVER, B. C.

•

Balance Sheet as at August 31, 1946

SUN PUBLISHING COMPANY LIMITED

Executives

DONALD CROMIE	*President and Publisher*
GEORGE CRAN	*Vice-President*
SAMUEL CROMIE	*Vice-President*
CHARLES BAILEY	*Business Manager*
ROBERT DUNLOP	*Printing Manager*
ROY BROWN	*Editorial Director*
CLIFFORD MacKAY	*Associate Editor*
HAROLD STRAIGHT	*Managing Editor*
HERBERT GATES	*Circulation Manager*

Directors

RAE ANDERSON — DONALD CROMIE
CHARLES BAILEY — SAMUEL CROMIE
GEORGE CRAN — MRS. W. R. McKAY
A. M. RUSSELL

Bankers

THE CANADIAN BANK OF COMMERCE

Auditors

PRICE, WATERHOUSE & CO.

AR26

Mr. Donald Cromie's Speech, Annual Sun Banquet, Friday, November 22, 1946

FOREWORD

This is a rather involved presentation for comprehensive listening after a rosy dinner meeting. When several Sun people found it interesting enough to urge general printed distribution for closer study I was delighted because these topics are only an introduction, a "ground-breaking" for something I've long pondered—a profit-sharing plan for The Sun.

There is a strong loyalty in our staff for this newspaper, a loyalty to the work it does, its principles, and its service to the public. This talk was designed to clarify the paper's community position, the operation itself and the newspaper principles that draw our loyalty. It was undertaken to clarify these things for myself as well as those who care to listen and read it.

The clearer we understand our position in the community and the attraction of working for the printed word in any form, the more interesting and efficient the work becomes.

With such an understanding established, it seems to me the final step to appreciating and enjoying one's work is to participate in the increased profits that enthusiasm and efficiency produce.

This should be true of nearly every business. The end of wage and salary control now makes profit-sharing legally possible. There are many general difficulties and intricate details to solve first.

The workers, including management, get the first take in the form of pay. The shareholders get a return on their investment and the company requires a possibly fixed minimum for new equipment to meet new service demands and create more jobs. Then the real profit from that level up, often a widely fluctuating margin, should be split. How? Fifty-fifty, company and employees? How should the first mentioned pay rates be established? If put too high they might eliminate the investors and also prevent the company's ability to expand, increase jobs, or eventually even destroy its ability to maintain reasonable standards. After the investors' equitable return has been provided, and the company's safety and expansion figure covered, do the shareholders deserve an even split of the balance of profit?

These are details, important but still details. To me the important things are that we understand and enjoy our community position and work, and have a monetary incentive for doing the work well. This continent has full employment, jobs that would go begging even if every job hunter suddenly picked his spot and went to work, and still it cannot produce plenty. Each failure to apply working time efficiently adds to failure of supply to meet demand, robs the value of the dollar and waters our income with inflation and higher tax brackets. Labor leaders in Canada and the U. S. are urging attention to this necessity for high production in all industry.

Success starts at home, so I am urging in this foreword that we at The Sun learn and appreciate our work that we may do it better, and that we as a group study the potentialities of profit sharing as the most practical way of completing the circle of "hows and whys" for good work.

Tonight I would like to go over some of my own quaint ideas on newspapers. The virtues and sins of the press intrigue most of us here because every one on the outside fancies his ability to report, columnize, and manage a newspaper perfectly. Most of us are the unwilling receivers every day of these fragments of public genius.

Many people enjoy a daily sneer at our free press as thoroughly as other groups including newspapers enjoy praising the free press. Such a controversy can hang around only because the work and community position of the press is difficult to define.

Tonight there are nearly 600 of us here, all generally informed on the workings of a newspaper and generally favorable to the press. Yet I think none of us, certainly not I, could give a quick, clear judgment of the press.

There are some cynical schools that deny any virtue to private newspapers. "The publisher of a newspaper makes its policy, and the paper is merely an agent of his little usefulness or his little prejudices," we are told. The press is a kept voice of the owners, of the industrialists, the financiers, of the advertisers.

This is mostly nonsense, misleading and dangerous in the emphasis it puts upon the abuses to the exclusion of the real democratic leadership of the press as a whole.

And even the most arrogant newspapers reflect the acquiescence of their readers and perhaps even the wishes and ideas of their public whenever their questionable policies continue.

This is generally the trend of thought in which I would like to set my remarks tonight. I would ask you to bear with me if I fly rather high and vaguely through an evaluation of newspapers generally getting down to the operation of our own newspaper.

* * *

NEWSPAPERS MUST tend to be a debatable subject because they are so deep a part of the life and habits of their readers, and they can't escape today's heated arguments over national systems.

I don't believe any human being can or ever will be able to devise a government or social system perfect for any one nation, much less for all of the world. Should God, however, decide to construct a perfect system, using things much as they are, He would give heavy attention to newspapers. For newspapers are, and, for much time to come, will be the clearing house and editing point of our knowledge and our daily information on which we run our affairs.

But lacking a divinely perfect plan, and taking things as they are, we find that newspapers on this continent are practically all privately owned.

I don't see how they could be otherwise, how they could be any better, if publicly owned; if run by political parties or governments.

Supposing a provincial government—a highly intelligent socialistic provincial government—ran all the newspapers in British Columbia. To whom would those newspapers then be responsible? They would not rely on private profits, so they would not be responsible to their readers because their circulations could be manipulated in a dozen ways by Victoria. There would grow up the same flocks of schemers running everything that characterized Hitler's and Mussolini's operations.

Then there are those irksome theories about advertisers. The theory that advertisers dictate policy becomes a myth to anyone who works in a lively newspaper—and this continent has hundreds of lively newspapers. The big advertisers rarely bother us and then it's not about our political ideas.

When any one talks about advertisers dictating newspaper policy you might tell them who gets the space in The Vancouver Sun—the thousands upon thousands of classified advertisers who are the public just as you and I are. Our policy is made for them and ourselves—our policy looks to the welfare of our city and country.

Again, there's that theory that newspapers are run for profit only. Of course we run for profit, but profit is simply a fee that the public pays for satisfactory service. Service includes a demand for decent, broad, policies. It seems far better that this payment for service be direct cash rather than subservience to a government.

Too often the thought is thrown out that this profit fee takes a huge portion of a company's revenue. The facts are in the Dominion Bureau of Statistics' compilations, or any other broad reviews of business. The averages of profits are about two to six per cent. Here are some figures that indicate how the picture sits with us.

* * *

BACKING A SMALL logging camp to get logs to Powell River for Sunday runs ran us out of immediate cash at a time when expansion is requiring cash. The camp has required over $100,000.00; our share of paper has been over 1100 extra tons between July and December 31st. With it we have been able to add to circulation; 128,000 is our fixed gross press run, and we try to keep enough ads to make money.

Remember, profits and cash are different; you can show a $100,000 profit in a year but spend $200,000 on equipment and things not allowed as expenses, which means you have to borrow the extra $100,000.

However, in September we figured a budget for four months instead of a year. We don't know where newsprint will come after December. It will be in slimmer supply or else much more expensive, so on the last four months of this year we figured $60,000 profit; if we could do half as well for the rest of the year it would total $120,000 for the whole fiscal year to next September. Presume a whopping good year for the printing department at $100,000 despite moving, so we get a total of $220,000.

Even if we actually made this, taxes would take, at the present reduced rates, about $70,000, leaving $150,000 to be divided about $80,000 to our Common Share holders, about $10,000 on interest on Preferred shares, and about $60,000 for financing expansion.

But the $220,000 melted away before we got very far. The Powell River Co. casually upped prices about $8,000 a month, that's $100,000 off the $220,000. Then rumor said you folks would be asking heavy increases on new contracts. We'll do what we can. But fifteen cents an hour increase for all Sun people, except department managers, would amount to $165,000. This leaves us $45,000—in the "red".

When we heard from Powell River we increased advertising rates to bring in about another $45,000 this year. Now this breaks us even again, but with no money to finance payments on our new printing

building that makes 100 new jobs, or on the newspaper press and equipment ordered.

However, that's merely an example, and not an expectation of what we will finally agree on for increases, and we'll find a way of keeping clear somehow.

On profits and their percentages. Mr. Brown sent me this morning a London Daily Express clipping, giving that company's operational figure—their profit is 2.97 of revenue.

Profits that interest people are really the dividends to shareholders—what goes back into expansion and more jobs helps everybody and annoys nobody. In 1939 *The Sun's* dividends amounted to $70,000 out of a total revenue of $1,623,000 including carrier earnings, which means a dividend profit of 4.31%. Although total revenue rose consistently in the following years up to $2,000,000, we were trying to expand and clear off debts and our dividends for the years following 1939 went down as follows, $45,000, $45,000, down to $21,000, down to $17,000, then $54,000, then $50,000, then last year $60,000.

The past year total revenue is now $2,760,000. I hope that dividends on this will be about $80,000 for Common Share holders and less than $10,000 for Preferred, or a grand total of less than 3.26% of revenue. Over 98% of that $1,100,000 revenue increase in the past seven years has gone back into wages or into materials for which some one eventually draws wages.

To my mind, the management fee system is working well for newspapers as well as other industries, and personal and corporation taxes are more than taking care of most of the exceptions.

These are necessarily brief notes on the general public and financial checks imposed by capitalism on individual management units.

* * *

NOW LET'S CONSIDER the influence for usefulness of any one publisher. How much pressure to do your job well falls on every one of you, not merely from your department managers, or from the firm's standpoint, but from the standpoint of prestige with your fellow workers?

Remember that the management of every newspaper feels this pressure from the whole community, a tremendous pressure that constantly urges it to maintain a progressive, intelligent, product.

Now the question has been recently put to me—by a senior *Sun* newsman, not an editor — what right have you to judge what shall go in the paper? The answer is, some one, somewhere, must. If it wasn't some one in the plant, if that authority is centered in one place for all B.C. or Canada, it would become an even more fearful responsibility and would be discharged in a necessarily slavish manner.

We all know, of course, that everything cannot go in the paper. The press releases and speeches of any one country alone could fill the news columns of *The Vancouver Sun*. Our city side alone could fill the paper, without editorials, columnists, or comics—God forbid.

So we have a system for editing each class of news, dividing the over-all space again among these various classes, and finally, for emergencies, an authority who can make final decisions.

This system also needs constant improving, but with its financial and public pressures on management it still beats anything I've heard of.

You can find a publicly responsive paper in nearly every large city in Canada or the United States, and a greater number among the small country papers whose publisher-editors are quick to know what their readers want in exchange for their keep.

Let's get down, then, and see how the various pressures on a newspaper are reacted to on *The Sun*, how its staff and management operate.

There are some people who call me somewhat radical—scale and negotiation committees not among them. I like to call myself a liberal. I was especially consoled recently by an account of a man hailed as one of the great legal minds and one of the most eloquent champions of human freedom in the United States. With his description of liberty as a spirit which is not too sure of itself, I might explain away some of the divergent opinions of *The Sun* as a part of the search for liberty. This *Life* article concerned Judged Learned Hand of the United States Supreme Court, and it highlighted this quotation:

"The spirit of liberty is the spirit which is not too sure that it is right. The spirit of liberty is the spirit which seeks to understand the minds of other men and women. The spirit of liberty is the spirit which weighs their interests alongside its own without bias. The spirit of liberty is the spirit of Him who, near 2,000 years ago, taught mankind that lesson it has never learned, but has never quite forgotten; that there may be a kingdom where the least shall be heard and considered side by side with the greatest."

This is encouraging because, for me, there are few, if any, clear, quick, answers to things. Each person must find his own answers, and in turn each community must resolve many conflicts before it finds answers that will best please and serve its people.

That is why in *The Sun* I try to exercise sufficiently little authority on policy so as to encourage the greatest number of people here to seek themselves the best answers to the daily problems challenging a newspaper.

I won't reject a column simply because I consider it incorrect in its facts or in its conclusions. This applies equally to the opinions expressed, say, by

Jack Scott or Mamie Moloney, Elmore Philpott or Tom Jarvis. I feel that if they are wrong their errors will catch up with them, but that more likely their sense of judgment and responsibility will develop and improve the batting average of their fairness.

Again with reporters, journalism trains them to disregard personal prejudices, and the prejudices of those who are offering news, and to seek the facts and true situations.

Our greatest difficulty, if there is any difficulty here, is not that reporters fail to follow the newspaper's policy but that they tend to follow it too much. The difficulty is to prevent them from slanting a story the way they think the publisher might like it, rather than as their training tells them it should be run. Where possible, we prefer to leave policy to the editorial page where it is recognized as such, or to bylines where the fame of the writer has advertised his attitudes or prejudices.

Few people realize how important is the reporter and how great his contribution through his ability to report impartially. When a great man visits this city, who plants in the public mind what manner of man this is? It is the reporter who describes him as impressive, as well dressed or sloppily, as quick thinking or as reserved and deliberate.

Every day it is the reporter who must picture what happens in the courts, in the police station, at the political meeting, the labor dispute, or utility hearing. It is through the reporter that the qualities of, say, the councillors of the city and the mayor are made clear to the public.

This is how it should be, and this is how we try to operate it. Where a reporter shows consistent ability to handle the facts fairly and to grasp the truth, he is given more and more responsibility through the duties assigned to him.

And while his sense of fairness is greatly guarded by a traditional training he is also influenced by and is a reflection of the people he works for and the people he works with.

The ideas from his editors, from the people he works with, eats with in the cafeteria, or talks to in the elevator,—all of you influence his sense of judgment and fairness. And this works both ways. The ideas of the Editor, of the Business Manager, the Advertising Manager or the Publisher, are influenced in turn by the ideas of the people they work with.

For myself, I cannot help but be influenced by the ideas of the people I talk to through the building, and by the ideas of the committees I bargain with, negotiate with, or invite in to discuss plans.

What may have seemed to the Business Manager or to the Advertising Manager two years ago a terrible idea put forward by a group of the staff, may in the course of time be shown to be, with modifications, an excellent idea; this change will be incorporated in fact. So it is with the whole chain of ideas and influences that make up our machine, which must, in its very nature, be a factory of judgment. The spirit of service we show in every department, in every person, has its effect. Each and every one of us has a part in it.

Perhaps it sometimes seems that we are too lacking in a definite policy. But I see a logic, for instance, in supporting the Liberal government and, at the same time, vigorously criticizing its errors. We may praise the general policy of a government the same day we send a reporter to investigate a situation which we believe will damn the administration, say, of its Rationing branch, or of its Veterans' Affairs branch, or of its Housing.

There are no excuses under our form of democracy for a party or a group to get away with what they in their enthusiasm might think is great wisdom but which the public finds unsatisfactory.

And there is no excuse for us as a newspaper, as a group, for getting rigid in the mental arteries. We operate in the heart of our democratic society, and I believe we must progress in a spirit of liberty as a group, or stagnate as a group.

Judge Hand defines the core of responsibility that falls to every person in a democracy—and especially to workers in the fourth estate:

"*We were wrong in supposing that native intelligence or stupidity have much to do with the workings of democracy or the gift of liberty. It is a question of the habit, so hard to acquire, of detachment in forming beliefs, in the character of a people, not in its brains.*

"*A group of pretty dull men can manage fairly well, if they be disposed to suspend judgment where they do not know the facts, but nothing is more exasperating than a group of clever disputants, each concealing, behind his front of argument, determined and uncompromising convictions which no evidence can touch.*"

What I have tried to describe tonight is the privilege and responsibility we all hold as a newspaper. I think it is a pleasure to have such a position in the community—we must always remember, as a group, to be worthy of our position.

Annual Report to Shareholders of Sun Publishing Company Limited

To the Shareholders of the
Sun Publishing Company Limited

The Directors take pleasure in presenting the annual accounts for the year ended August 31, 1946, together with the auditors' report thereon. The net profit for the year, after providing for income and excess profits taxes and all expenses of operation and management, amounted to $148,795.37 which compared with a net profit of $100,458.28 for the previous year. In addition to the net profit for the year, there has been added to the surplus account a net amount of $41,000.00, representing a reduction in the excess profits taxes of prior years through the application of an increased standard profit which the company was successful in obtaining from the Board of Referees. As of July 1, 1946, the Company's outstanding 6% redeemable preference shares of $100.00 each were called and replaced by a similar issue of 4½% redeemable preference shares of $100.00 each. The premium and expenses in connection with this conversion amounted to $3,000.00 which has been charged to surplus account. Due to substantial outlay on plant equipment and expansion made and planned and other expenditures referred to herein, the working capital decreased during the year from $502,412.24 to $331,351.62.

The newsprint shortage remains our greatest problem. During the year the Powell River Company Limited arranged to operate some Sundays for the benefit of British Columbia newspapers if sufficient log supplies could be made available. In order to assist in the implementing of this programme, the Sun invested $75,000 in 6% Debentures of a log producing concern, with assurances that a considerable proportion of the log production would be made available to the Powell River Company Limited. With this assistance and logs from other sources, the Sunday programme went into effect resulting in a 45% increase in newsprint for every newspaper in British Columbia for each month in which a Sunday run was made. The Sun's total extra newsprint so obtained was approximately 1100 tons and, although most of it came in after the close of the year under review, it is mentioned here because it represents a vital element in our operations and indicates a measure of the company's exhaustive efforts to secure additional newsprint. In view of the additional supplies of newsprint being obtained it is probable that the Sun will invest further funds in financing the logging operation. Such advances are not without risk, but in the circumstances your directors are of the opinion that the policy is fully justified.

On June 5, 1946, the Vancouver Daily Province was closed down by a strike of the I.T.U. printers. The Sun then froze its circulation at the April level, average gross press run, 105,000, and further tightened advertising rationing, and maintained this until the end of June. Then due to public pressure and the extra newsprint, the Company removed most restrictions on classified advertising, accepted about half of the display advertising offered, and increased the daily gross press run by degrees until by the end of August it was frozen at an average daily net sale of 125,000. The present concrete demand for unsolicited Sun subscriptions is estimated at 10,000. Had it not been for the Sunday run at the mill it is estimated that little or no circulation increase would have been possible.

Your Directors believe the British Columbia public will continue indefinitely to maintain The Sun's circulation and classified advertising service as the largest in the province.

The shortage of newsprint is further affecting our financial position. The Company estimates that with ample newsprint it would have sold another $500,000 of advertising at an added direct cost of $200,000, although such circumstances would increase other costs such as news space and editorial services.

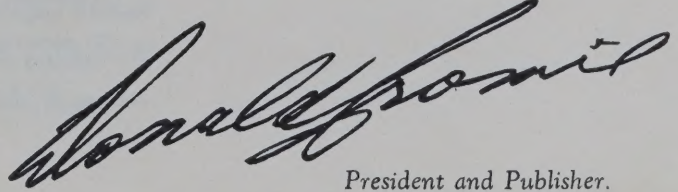
Repairs and renovations to the present Sun Building have resulted in vastly improved conditions for the staffs of several departments. These include a modern business office layout and executive offices on the second floor, an attractive Cooking School-Auditorium, office and demonstration-dining-and-living room on the main floor along with improved facilities for public service, and a staff cafeteria and roof garden on the ninth floor. The Company's new commercial printing building at Bute and Pender Streets should be completed about May at a total cost for building and lot of $260,000. The top (third) floor of the new building will be rented until it is required by the printing department. The new printing quarters are expected to allow an expansion almost immediately involving about 100 additional staff. The space in the newspaper building vacated by the printing department will greatly relieve congestion in other departments and allow us to make many modern improvements in working conditions. These moves and renovations, together with new equipment ordered including a newspaper press at about $300,000 for purchase, construction of accommodation and installation, will involve considerable borrowing.

The newsprint shortage will continue to haunt the whole newspaper operation during 1947 and restrict earnings. Powell River Co. has expressed belief that an increase will be applied to the B. C. market but not enough to maintain even the drastically pared schedules for the final months of 1946. It is believed that the continuing representations of The Sun have had a large part in drawing the attention of the Powell River Co. to the special needs of British Columbia publishers.

The Powell River Co. informs us, however, that they will accept a contract shortly for any specified tonnage for 1948 and 1949.

Newsprint price increases from about $55 in 1943 to the present $83 a ton which, in a normal post-war year will probably mean an added expense of $350,000 over the pre-war prices, and continuous increases in wage rates which still have some distance to go in view of rising costs, produce an outlook of sharply increasing present expenditures. The long range outlook for the Company is, however, extremely sound and bright. The morale and enthusiasm of the staff is high, and the public reception of the newspaper gives a continuing encouragement to every member of the Company.

Submitted on behalf of the Directors.



President and Publisher.

November 27, 1946.

SUN PUBLISHING C

Balance Sheet a

ASSETS

CURRENT ASSETS:			
Cash on hand and at bank		$ 6,479.76	
Dominion of Canada Bonds and other marketable securities—at cost (Market value $122,875.00)		121,475.00	
Sundry debtors	$286,561.93		
Due from employees	8,401.46		
	$294,963.39		
Less—			
Reserve for doubtful accounts	10,500.00		
		284,463.39	
Due from Sun Directories Limited		40,300.01	
Cash surrender value of life insurance policies		6,419.43	
INVENTORIES ON HAND VALUED ON THE BASIS OF COST OR MARKET VALUE, WHICHEVER IS LOWER:			
Work in progress	$ 38,037.25		
Paper and supplies	76,627.76		
		114,665.01	
			$ 573,802.60
ADVANCES TO SHAREHOLDERS:			
Sun Holdings Limited		$ 65,900.00	
Estate of R. J. Cromie		20,762.06	
			86,662.06
INVESTMENTS IN AND ADVANCES TO SUBSIDIARY COMPANIES:			
Investments—			
Sun Building Limited:			
252,931 shares par value $1.00 each	$252,931.00		
Vancouver Engravers Limited:			
100 shares par value $100.00 each	10,000.00		
Standard Broadcasting System Limited:			
10,000 shares par value $1.00 each	5,500.00		
Pacific Printers Limited:			
5,000 shares par value $5.00 each	25,000.00		
		$293,431.00	
Advances—			
Sun Building Limited		15,126.42	
			308,557.42
INVESTMENTS IN AND ADVANCES TO NON-AFFILIATED COMPANIES, at cost			100,085.51
DEFERRED ASSET:			
Estimated recoverable portion of excess profits tax—per contra			12,230.00
DEPOSITS ON UNCOMPLETED CAPITAL ASSETS			37,439.72
CAPITAL ASSETS:			
Properties—at 1938 assessed values		$ 13,000.00	
Plant, machinery, furniture and fixtures at appraised depreciated values, as at August 31, 1938, with subsequent additions at cost	$848,547.76		
Less—Reserve for depreciation	362,164.47		
		486,383.29	
Metal—at book value		23,073.16	
			522,456.45
NOTE: The net plant value subject to future depreciation for income tax purposes is $201,568.66.			
DEFERRED CHARGES:			
Unexpired insurance premiums and prepaid items			16,892.38
			$ 1,658,126.14

To the Members,
Sun Publishing Company Limited,
Vancouver, B. C.

Dear Sirs:

We have made an examination of the books and accounts of the Sun Publishing Company Limited for the ye therewith we examined or tested accounting records and other supporting evidence and made a general review of the a transactions.

In accordance with the provisions of Section 153(b) of the Companies Act, we report that the operations of th subsidiary companies and is not reflected in the accounts of the parent company.

We report that based on such examination, and subject to the realizable value of the investments in and advances drawn up so as to exhibit a true and correct view of the state of the company's affairs as at August 31, 1946, accor

November 22, 1946.

OMPANY LIMITED

August 31, 1946

LIABILITIES

CURRENT LIABILITIES:			
Sundry creditors		$155,493.94	
Accrued wages and commissions		12,500.48	
Reserve for taxes on income (after payment of $48,000.00 on account of income and excess profits taxes for the year ended August 31, 1946)		69,869.58	
Other taxes payable		4,586.98	
			$242,450.98
AMOUNTS OWING TO SUBSIDIARY COMPANIES:			
Vancouver Engravers Limited		$ 2,611.54	
Standard Broadcasting System Limited		9,340.98	
Pacific Printers Limited		18,976.45	
			30,928.97
DEFERRED CREDIT TO INCOME:			
Prepaid subscriptions—as estimated by the management			25,000.00
SHARE CAPITAL AND SURPLUS:			
Share capital—			
Authorized:			
2,500 4½% redeemable preference shares of $100.00 each	$250,000.00		
75,000 common shares of $10.00 each	750,000.00		
Issued:			
1,500 6% redeemable preference shares of $100.00 each	$150,000.00		
Less—			
1,500 shares redeemed and cancelled as of July 1, 1946	150,000.00		
1,500 4½% redeemable preference shares of $100.00 each issued as of July 1, 1946	$150,000.00		
67,181 common shares of $10.00 each	671,810.00		
		$821,810.00	
NOTE: Dividends on 6% redeemable preference shares paid in full to date of redemption, July 1, 1946.			
DEFERRED SURPLUS:			
Estimated recoverable portion of excess profits tax—per contra		12,230.00	
SURPLUS:			
Balance as at August 31, 1946—per Exhibit attached		525,706.19	
			1,359,746.19

Approved on behalf of the Board:
DONALD CROMIE, *Director.*
G. A. CRAN, *Director.*

NOTE:
As at August 31, 1946, the Company had commitments of approximately $500,000.00 in respect of new construction and other capital expenditure.

$ 1,658,126.14

ed August 31, 1946, and have received all the information and explanations which we have required. In connection ing methods and of the operating and income accounts for the year, but we did not make a detailed audit of the

idiary companies resulted in an aggregate net profit, which profit has been carried forward in the books of the

on-affiliated companies, and of the advances to shareholders, the above balance sheet is, in our opinion, properly o the best of our information and the explanations given to us and as shown by the books of the Company.

PRICE, WATERHOUSE & CO.
Chartered Accountants.

SUN PUBLISHING COMPANY LIMITED

Statement of Profit and Loss and Surplus for the Year Ended August 31, 1946

Operating profit for the year before taking into account the undernoted items		$355,088.00
Deduct—		
Depreciation (including $29,413.42 in respect of plant values which are not subject to depreciation for income tax purposes)	$ 67,770.12	
Management and executive salaries	20,000.00	
Legal fees and expenses	3,522.51	
Provision for taxes on income	115,000.00	
		206,292.63
Net profit for the year		$148,795.37
Add—		
Surplus as at August 31, 1945	$408,373.72	
Add—		
Adjustment of taxes on income in respect of prior years	41,000.00	
	$449,373.72	
Deduct—		
Dividend on 6% redeemable preference shares for the year to July 1, 1946	$ 9,000.00	
Dividend of 90c per share on the common shares	60,462.90	
	$ 69,462.90	
Premium and expenses on redemption of 6% preference shares	3,000.00	
	72,462.90	
		376,910.82
Surplus as at August 31, 1946		$525,706.19